

Message Text

CONFIDENTIAL

PAGE 01 LOME 02011 01 OF 02 271515Z

ACTION AF-10

INFO OCT-01 EUR-12 IO-13 ISO-00 COME-00 TRSE-00 NSC-05

SS-15 CIAE-00 INR-07 NSAE-00 DODE-00 EB-08 AID-05

OMB-01 SP-02 XMB-02 STR-04 FRB-03 /088 W

-----097416 271601Z /47

R 271000Z JUL 77

FM AMEMBASSY LOME

TO SECSTATE WASHDC 2561

INFO AMEMBASSY ABIDJAN

AMEMBASSY ACCRA

AMEMBASSY BAMAKO

AMEMBASSY BANJUL

AMEMBASSY BISSAU 14

AMEMBASSY BRUSSELS

AMEMBASSY CONAKRY

AMEMBASSY COTONOU

AMEMBASSY DAKAR

AMEMBASSY FREETOWN

AMEMBASSY LAGOS

AMEMBASSY LONDON

AMEMBASSY MONROVIA

AMEMBASSY NIAMEY

AMEMBASSY NOUAKCHOTT

AMEMBASSY OUAGADOUGOU

AMEMBASSY PARIS

USMISSION GENEVA

USMISSION USUN

C O N F I D E N T I A L SECTION 1 OF 2 LOME 2011

USEC FOR EC BRUSSELS

USMTN GENEVA

EO 11652: GDS

TAGS: EFIN EGEN TO

SUBJ: STATEMENT BY THE MANAGING DIRECTOR OF THE FUND FOR

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 LOME 02011 01 OF 02 271515Z

COOPERATION, COMPENSATION AND DEVELOPMENT OF ECOWAS

REF: A LOME 653 B LOME 1657 C MONROVIA 4999

1. SUMMARY: THIS CABLE HIGHLIGHTS THE FUND DIRECTORS REPORT
ON ACTIVITIES TO DATE IN CONNECTION WITH THE ORGANIZATION OF
THE FUND AND HIS PROPOSALS FOR THE EFFECTIVE OPERATION OF

THE FUND IN THE FUTURE. END SUMMARY.

2. HORTON BEGAN BY RECOUNTING HIS ACTIVITIES SINCE HIS APPOINTMENT AS FUND DIRECTOR DECEMBER 4, 1976. HE ACKNOWLEDGED THE MONETARY CONTRIBUTIONS OF LIBERIA (\$200,000) AND TOGO (\$300,000 APPROX) TO DEFRAY EXPENSES FOR THE FIRST 6-7 MONTHS, AND ALSO TOGO'S CONTRIBUTIONS IN KIND. THEN SHOWING HIS SENSITIVITY TO THE DISSATISFACTION OF NIGERIA AND TOGO (SEE REFTELS), HE DEFENDED HIS USE OF NON-AFRICAN CONSULTANTS, "WE UTILIZED EVERY OPPORTUNITY TO AVAIL OURSELVES OF EXPERT ADVICE WHENEVER IT WAS OUR CONSIDERED OPINION THAT SUCH ADVICE WOULD BE USEFUL TO OUR ORGANIZATIONAL PROCESS. THEREFORE, VISITS WERE MADE TO THE AFRICAN DEVELOPMENT BANK, WORLD BANK, IMF, EEC, EIB..." HE THEN WENT ON TO DISCUSS THE NATIONALITIES OF THE 26 CURRENT FUND EMPLOYEES WHICH HAIL FROM 7 COUNTRIES.

3. HORTON POINTED OUT THAT AS OF MAY 13, 1977 ONLY FIVE GOVERNMENTS HAD RATIFIED THE PROTOCOLS AND THAT SINCE MAY 13 HE HAD BEEN MAINTAINING CLOSE CONTACT WITH VARIOUS GOVERNMENTS IN THE HOPE THAT THEY WOULD ACT EXPEDITIOUSLY TO RATIFY THE DOCUMENT. IN SPEAKING OF THE FUNCTIONS OF THE FUND, HE STATED THAT THE FUND HOPED TO PROMOTE COMMUNITY PROJECTS IN SUCH AREAS AS TELECOMMUNICATIONS, SHIPPING, COMMUNITY HIGHWAYS, COORDINATION OF AIR TRAVEL, FISHING INDUSTRY, AND HARMONIZATION OF AGRICULTURAL EFFORTS.
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 LOME 02011 01 OF 02 271515Z

RM IN DISCUSSING HOW THE FUND WOULD BE ABLE TO ASSIST IN THESE AREAS, SEVERAL REFERENCES WERE MADE TO THE NECESSITY OF SEEKING OUTSIDE RESOURCES AND/OR AID. THE MOST NOTABLE EXAMPLES WERE: "THE FUND WILL HAVE TO SEEK OTHER SOURCES OF SPECIAL FACILITIES FOR COMPENSATION PURPOSES... WE SHALL SEEK GRANTS, AID, AND TECHNICAL ASSISTANCE FOR RESEARCH FACILITIES, STUDIES AND PREINVESTMENT CAPITAL, AND SHALL SEEK LOANS FROM OTHER INTERNATIONAL LENDING INSTITUTIONS TO FINANCE PROJECTS... THE BULK OF OUR CAPITAL PAID IN BY MEMBER STATES WILL BE RESERVED FOR GUARANTIES... FRIENDLY GOVERNMENTS, FOUNDATIONS, INTERNATIONAL ORGANIZATIONS, INTERNATIONAL FINANCIAL INSTITUTIONS, AND FUNDS WILL ALSO BE ASKED TO CONTRIBUTE TO THE SPECIAL FACILITIES FUND."

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 LOME 02011 02 OF 02 271535Z

ACTION AF-10

INFO OCT-01 EUR-12 IO-13 ISO-00 COME-00 TRSE-00 NSC-05

SS-15 CIAE-00 INR-07 NSAE-00 DODE-00 EB-08 AID-05

OMB-01 SP-02 XMB-02 STR-04 FRB-03 /088 W

-----097734 271601Z /47

R 271000Z JUL 77

FM AMEMBASSY LOME

TO SECSTATE WSHDC 2562

INFO AMEMBASSY ABIDJAN

AMEMBASSY ACCRA

AMEMBASSY BAMAKO

AMEMBASSY DAKAR

AMEMBASSY BANJUL

AMEMBASSY BISSAU

AMEMBASSY CONAKRY

AMEMBASSY BRUSSELS

AMEMBASSY COTONOU

AMEMBASSY FREETOWN

AMEMBASSY LAGOS

AMEMBASSY LONDON

AMEMBASSY MONROVIA

AMEMBASSY NIAMEY

AMEMBASSY NOUAKCHOTT

AMEMBASSY OUAGADOUGOU

AMEMBASSY PARIS

USMISSION GENEVA

USMISSION USUN

C O N F I D E N T I A L SECTION 2 OF 2 LOME 2011

USEC FOR EC BRUSSELS

USMTN GENEVA

5. HORTON ALSO SAID THAT AS COMMUNITY-SPONSORED PROJECTS DEVELOP AND BECOME PROFITABLE, A PORTION OF THE NET PROCEEDS SHOULD BE CREDITED TO THE SPECIAL FACILITIES ACCOUNT. HE SAID
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 LOME 02011 02 OF 02 271535Z

THAT MEMBER STATES WHOSE REVENUE INCREASES AS A RESULT OF THE SUCCESSFUL OPERATION OF COMMUNITY PROJECTS WITHIN THEIR TERRITORIES SHOULD BE REQUIRED TO PAY INTO THE SPECIAL FACILITIES FUND A CERTAIN PORTION OF THEIR GAINS FOR THE BENEFIT OF COUNTRIES WHO HAVE SUFFERED LOSSES. ON THE SUBJECT OF LOSSES, HORTON STATED THAT MEMBERS WITHIN THE COMMUNITY

SUFFERING LOSSES AS A RESULT OF PROJECTS UNDERTAKEN BY THE COMMUNITY" WILL BE COMPENSATED BY THE FUND WHEN THE NATURE AND EXTENT OF THEIR LOSSES ARE CLEARLY AND PRECISELY DETERMINED WITH THE AID OF THE SECRETARIAT THROUGH THE ISSUING OF A CHECK AND THE PAYING OF THE AMOUNT IN CASH; OR BY THE FUND PROMOTING AND AIDING IN THE FINANCING OF CERTAIN AGREED UPON AND APPROVED PROJECTS OF A PARTICULAR MEMBER STATE. THE REVENUE AND OTHER ECONOMIC BENEFITS ACCRUING TO THE MEMBER STATES FROM SUCH PROJECTS WILL BE CONSIDERED AS ADEQUATE COMPENSATION FOR LOSSES INCURRED." HE STRONGLY STRESSED IN THIS PASSAGE THE ABSOLUTE NECESSITY THAT ALL CONTRIBUTIONS AND ASSESSMENTS BE PAID. HE ALSO STRESSED THAT THE LIMITED FINANCIAL CAPACITY OF FUND IN ITS EARLY STAGES MADE IMPERATIVE THE SELECTION OF PROJECTS ON THE BASIS OF PRACTICALITY AND RAPID RETURNS. HE SUGGESTED, THEREFORE, THAT THE FUND SHOULD SEEK OUT PROJECTS WHICH ARE: 1) SHORT-TERM, SELF-SUPPORTING AND SELF-LIQUIDATING; 2) PROJECTS WHOSE FEASIBILITY STUDIES HAVE ALREADY BEEN COMPLETED AND FOR WHICH ONLY PARTIAL FUNDING MAY BE NEEDED; 3) PROJECTS WHOSE PROFITABILITY CAN BE ASSURED AND FOR WHICH TECHNICAL AND MANAGERIAL KNOW-HOW IS READILY AVAILABLE; 4) PROJECTS FOR WHICH GRANTS OR OTHER FORMS OF ASSISTANCE HAVE BEEN OBTAINED OR ARE OBTAINABLE; 5) MARKETING AND SERVICE ORGANIZATIONS WHICH HAVE A DIRECT RELATIONSHIP TO THE INCREASE OF AGRICULTURAL PRODUCTION AND ARE MOST LIKELY TO POSITIVELY EFFECT RURAL DEVELOPMENT OF MEMBER STATES; 6) FEASIBILITY STUDIES AND PROJECTS WHOSE PRIORITY HAS BEEN DECIDED BY THE COMMUNITY; AND 7) PROJECTS

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 LOME 02011 02 OF 02 271535Z

THAT WILL ENHANCE THE DIVERSIFICATION OF AGRICULTURAL AND INDUSTRIAL PRODUCTION IN THE COMMUNITY.

6. IN DISCUSSING LOAN GUARANTIES TO BE PROVIDED BY THE FUND, HE MADE SEVERAL POLICY SUGGESTIONS AND REQUESTED AN AMENDMENT IN ARTICLE II, PARA 5, OF THE PROTOCOL WHICH CURRENTLY LIMITS THE FUND IN THE COURSE OF ITS ORDINARY OPERATIONS SO THAT THE TOTAL AMOUNT CREDITED SHALL NOT EXCEED TEN PERCENT OF THE AGGREGATE AMOUNT OF THE UNIMPAIRED PAID-UP CAPITAL TOGETHER WITH THE RESERVES AND SURPLUSES INCLUDED IN ITS ORDINARY CAPITAL RESOURCES EXCLUDING THE SPECIAL RESERVE. HORTON'S AMENDMENT WOULD ALLOW THE FUND TO GUARANTEE EACH PROJECT FOR NOT MORE THAN TEN PERCENT OF THE AGGREGATE AMOUNT OF UNIMPAIRED PAID-UP ORDINARY CAPITAL PLUS RESERVES AND SURPLUSES EXCLUDING SPECIAL FACILITIES AND SPECIAL RESERVES.

7. COMMENT: SPEECH EMPHASIZES THAT ALL STATES MUST PAY THEIR ASSESSMENT AND THAT PROFITS AND LOSSES RESULTING FROM FUND-SUPPORTED PROJECTS WILL BE CLOSELY MONITORED. HORTON ALSO STRESSED THAT PROJECTS WILL ONLY BE UNDERTAKEN IF

ECONOMICALLY SOUND. WE WILL REPORT REACTION TO SPEECH
AS INFORMATION BECOMES AVAILABLE.
PALMER

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC COOPERATION, REGIONAL ORGANIZATIONS, STUDIES
Control Number: n/a
Copy: SINGLE
Sent Date: 27-Jul-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977LOME02011
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770269-0303
Format: TEL
From: LOME
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770714/aaaaamcd.tel
Line Count: 227
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 3cfe8563-c288-dd11-92da-001cc4696bcc
Office: ACTION AF
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 01-Dec-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1736334
Secure: OPEN
Status: NATIVE
Subject: STATEMENT BY THE MANAGING DIRECTOR OF THE FUND FOR CONFIDENTIAL CONFIDENTIAL
TAGS: EFIN, EGEN, ECON, TO, ECOWAS
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/3cfe8563-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009